

# **FY 2007 FINANCIAL TREND ANALYSIS**

## **FINANCIAL TREND ANALYSIS**

**Gallatin County, Montana**

**February 21, 2007**

---

### **III. Financial Trend Analysis**

Analysis of Financial Trends: 35

a. Table - 6 year's Trend Indicators	36
b. Revenues per capita (Actual & Constant)	37
c. Tax Revenues – actual and per capita	38
d. License & Permit Revenues/Capita	39
e. One Time Revenues	40
f. Utilization of Cash for Operating Expenses	41

Expenditure History and Current Expenses 42

a. Actual Expenses by Year and per Capita	42
b. Expenditure by Category	43
c. Residents per Employee	44
d. Budget Employees by activity	45
e. Fringe Benefit Costs & Projections	46
f. Capital Budgets	47
g. Compensated Leave Liability	48
h. Property Values in Gallatin County	49
i. Percentage Residential to County Property Values	50
j. Property Tax Statistical Analysis	51
k. Outstanding Debt	51

---

---

# Gallatin County Financial Plan

---

## **Trend Analysis Introduction:**

### **A total of 18 trends are being measured for FY 2007**

Trend Analysis are prepared to depict the financial condition quantitatively through the utilization of financial trend monitoring. The system uses 18 trends and are ranked using Favorable, Watch and Unfavorable. Trends may be expanded in future years as workload indicators and performance measurement information is made available.

The analysis of these indicators is designed to measure the financial health of Gallatin County. The analysis that follows and the conclusions and recommendations involve analyzing the relevant factors to determine the financial health of the County. A number of the factors used to analyze trends include:

- **Working Capital (Cash)** - Balances and reserve level amounts used to fund budget;
- **Revenue** – Types, amount of revenue, revenue per capita, property tax revenue, and comparison type revenues;
- **Expense** – Trends, type of expenditures, expenses per capita, employees per capita, fringe benefits, compensated leave balances, as well as cost of salaries;
- **Capital** - Outlay, Reserve, projects and adherence to plans; and
- **Growth** – Population, taxable value, and millage

### **Financial indicators are analyzed-based on County financial policy**

This report examines the preceding items and others in determining the current financial condition of the County. The County's adopted financial policies, as well as relevant national standards, are considered in the analysis and selection of trend data.

Specific information and data were taken from the County's audited financial statements and the approved budget document. The years reviewed are from 1970 through the current fiscal year. Trend analysis is based primarily on annual reports and budgets from 1996-97 through 2005-06 with the current budget used as the basis for projections.

## **Summary of analysis:**

The trend analysis that follows will provide the Public, County Commission, County Administrator, Elected Officials, Departments and County Employees a glimpse into the County's financial position. The analysis allows the County to identify specific areas where new policies are desired, where existing policies need revision, and where current policies are being productive.

Each financial indicator has been assigned a rating. The ratings are Favorable, Watch, or Unfavorable.

- **Favorable** is given to trends that adhere to the County mission, vision, goals, objectives and policies. A favorable overall ranking requires 13 or more Favorable indicators;
- **Watch** is a trend that is in transition and may be in a downward cycle, but the trend has not reached unfavorable status. A watch for the overall rating occurs when individual favorable ratings are 10 through 12 items.
- **Unfavorable** is assigned to trends that are downward or negative and immediate attention is needed to address the trend. An Unfavorable overall rating occurs when 9 or less indicators are Favorable;

## Financial Trend Analysis

The following table shows a summary of indicators for 96-97 through the 06-07 budget years. The table illustrates the ratings assigned by indicator and year.

Indicators	96-97	99-00	01-02	02-03	03-04	04-05	05-06	06-07
Revenues per Capita	Fav	Fav	Fav	Fav	Fav	Fav	Fav	Fav
Property Tax Revenue	Fav	Fav	Fav	Fav	Fav	Fav	Fav	Fav.
License & Permit Rev.	Fav	Fav	Unfav	Fav	Fav	Watch	Fav	Fav.
One – Time Revenue.	Fav	Fav	Fav	Fav	Fav	Fav	Fav	Fav
Inter-government. Rev.	Fav	Fav	Fav	Fav	Fav	Fav	Fav	Fav.
Utilization of Cash	Watch	Fav	Fav	Fav	Fav	Unfav	Fav	Fav.
Expenses per Capita	Unfav.	Unfav	Fav	Fav	Fav	Fav	Fav	Fav.
Expenses by Category	Fav	Fav	Fav	Fav	Fav	Fav	Fav	Fav
Employees per Capita	Unfav.	Fav	Fav	Fav	Fav	Fav	Fav	Fav
Sworn officer per capita	Fav	Unfav	Unfav	Unfav	Unfav	Unfav	Unfav	Unfav
Fringe Benefits	Unfav.	Unfav	Unfav	Unfav	Unfav	Unfav	Unfav	Unfav
Capital Outlay	Fav	Fav	Fav	Fav	Fav	Unfav	Fav	Fav
Compensated Absences	Unfav.	Unfav	Unfav	Fav	Fav	Watch	Watch	Unfav
Property Values	Fav	Fav	Fav	Fav	Fav	Fav	Fav	Fav
Residential values to total prop. Values	Watch	Unfav	Unfav	Unfav	Unfav	Unfav	Unfav	Unfav
Property Tax Statistical Analysis						Fav	Fav	Fav
Debt	Fav	Fav	Fav	Fav	Unfav	Fav	Unfav	Fav
Population	<u>Fav</u>	<u>Fav</u>	<u>Fav</u>	<u>Fav</u>	<u>Fav</u>	<u>Fav</u>	<u>Fav</u>	<u>Fav</u>
<b>TOTAL FAVORABLE</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>14</b>	<b>13</b>	<b>11</b>	<b>13</b>	<b>14</b>

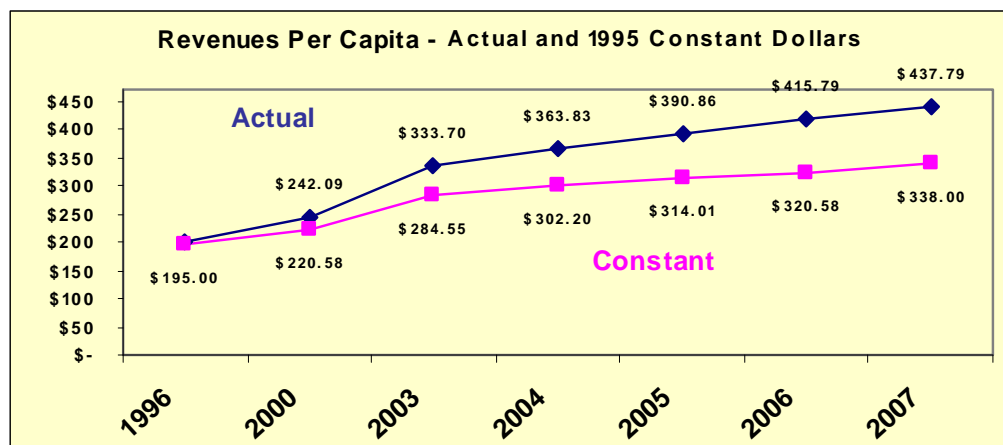
The following are the concepts used to establish each Indicators Favorable Rating:

- Revenues per capita – an increase in revenues per capita shows growth;
- Property Tax Revenue – an increase in dollars generated shows growth in the County tax base;
- License and Permit Revenue – an increase shows growth in the economy;
- One Time Revenue – decrease or status quo in one-time revenue used for operating expenses indicates current revenues ability to support current expenses;
- Inter-Governmental Revenues – increase of revenues shows less reliance on taxation;
- Utilization of Cash – a decrease or status quo in amount of cash used for on-going expenses;
- Expenses per Capita – increase in expenses per capita, shows growth in commitment to services provided by government;
- Employees per Capita – decrease in residents served per employee is favorable. If trend shows increase for two or more years, unfavorable rating is warranted.
- Sworn Officers /Capita – maintain 1 officer per 2,200 residents (See pages 22 & 24);
- Fringe Benefits – decrease or status quo of percentage benefits are to salaries;
- Capital Outlay – funding of greater than 10% of operating budgets;
- Compensated Absences – decrease or status quo compared to previous year;
- Property Values – Increase in property values greater than rate of inflation;
- Residential values – decrease in percentage residential values are of total taxable value;
- Property Tax Statistical Analysis – growth in Average Taxable Value and Median Taxable value shows growth in tax base;
- Debt – debt principal and interest is below 20% of operating expenses; and
- Population – increase in population.

**The overall rating for FY 2006-07 is FAVORABLE. Currently 14 indicators are Favorable, 0 are in a Watch status and 4 indicators are Unfavorable. This is a significant change from FY 05 when 11 indicators were Favorable.**

# Gallatin County Financial Plan

## Revenues Per Capita:



Finding: ***Favorable:*** Revenues per capita reflect an increase when analyzing both actual and constant dollars for FY 1996 through FY 2007. The calculation for FY 2007 is based on the approved budget. The significant increase in FY 02 is from the creation and transfers associated with the Public Safety Fund.

The Chart shows a gradual growth in actual dollars generated per capita from FY 1996 through FY 2007. Constant dollars, using 1995 as the base year, show a smaller increase each year.

Revenues actually received have seen increases including the following:

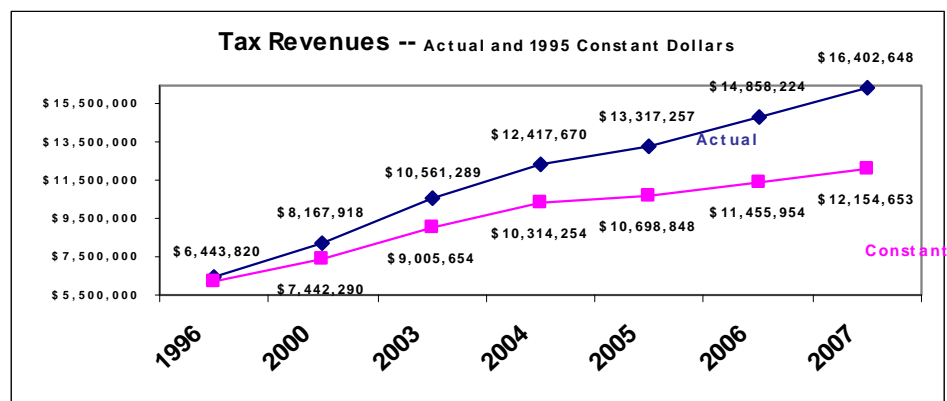
- Intergovernmental Revenues – money received from Federal, State, and Local Governments increased from \$1,022,810 in FY 96 to \$7,589,493 in FY 06. A 7.42 fold increase in 10 years. The slight increase for FY 05 and future years is from State Entitlement for lost MV Revenues.
- Charges for Services – Clerk and Recorder fees, Clerk of District Court Fees, Sheriff Services etc. have increased to \$4,319,584 in FY 06, a 154% increase from FY 00. Rest Home charges are excluded from this number for FY 03 and future years.
- Fines and Forfeitures – revenues from the Justice Court increased 142% from \$322,078 in FY 96 to actual collection of \$781,148 in FY 2006.
- Other revenues that have increased include Investment Interest by 25.62% for the General Fund and Local Option MV fees have increased by \$1,259,118 in the last 7 years. Investment will go down as interest rates decline and cash is used to fund ongoing operating costs.

**Favorable = a gradual increase in the actual and constant dollars spent by each resident indicates the county is maintaining or improving its costs for services.**

## Property Tax Revenues:

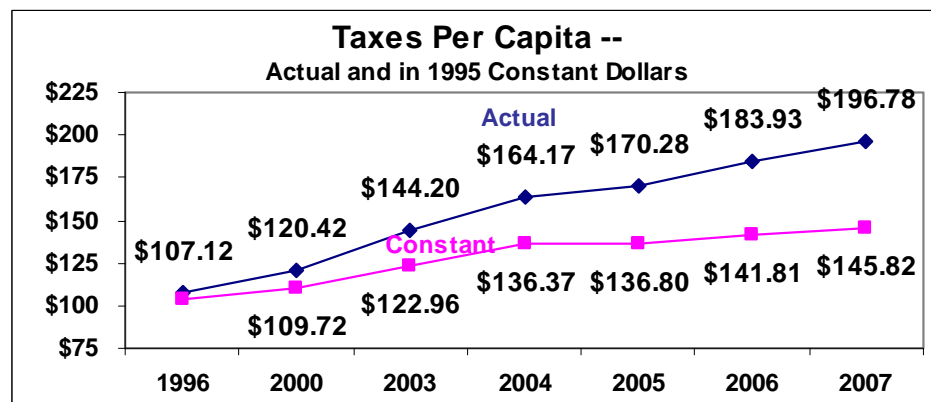
The Property Tax chart shows the actual dollars collected for FY 96 through FY 2006, with FY 2007 using Budgeted Tax Revenues. The graph also shows revenues based on calculation for constant dollars using 1995 as the base year. Items that have affected tax revenues include:

- 1997 Voter approved 3.50 mill increase for Library
- 2000 Use of Floating Millage to maintain revenue stream
- 2002 Increase 3 mills for Health Insurance continued use of floating mills
- 2003 Added \$485,000 for Bricks and Mortar tied to public safety
- 2005 Used New Construction for operations and maximized millage
- 2006 Used new construction for Capital Projects, Levied Permissive Medical and Floating mills.
- 2007 Did not use \$535,450 in operation taxes and \$33,923 in Road/Library taxes. Used full Permissive Medical Levy.



Finding: **Favorable** Property Tax Revenues have increased for 10 years and are budgeted to increase for FY 2007. This is a positive trend for the County. With the ability to levy the unused taxes from FY 07 and continued construction in the county, this trend should continue positive for several years.

The next graph shows taxes per capita using actual taxes and taxes in constant (1995) dollars.



The graph shows that in constant dollars, residents are paying more than in 96. The increase has been \$38.70 since 96 (\$3.52 per year). Actual tax dollars paid increased by \$89.66 (\$8.15 per year) for the 11-year period.

**Favorable = tax revenues and Taxes per capita show an increase to offset inflation and to allow for growth caused by increase in population.**

---

# Gallatin County Financial Plan

---

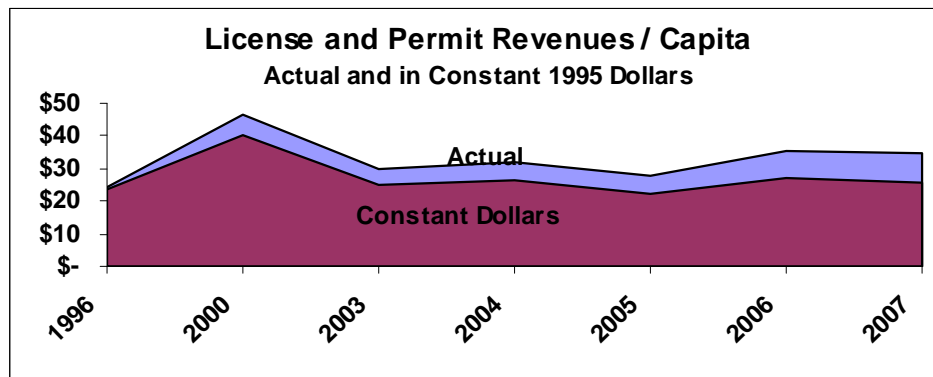
## License and Permit Revenues:

### **Licenses and Permits saw consistent increases prior to FY 02.**

Revenues generated through collection of Licenses and Permits saw consistent increases in previous years. The two major revenue sources were the 1.4% Ad Valorem Tax on Motor Vehicles and the ½ of one-percent Local Option Tax on Motor Vehicles. Both revenues had seen average growth of 10% per year. The 1.4% Ad Valorem Tax was eliminated in FY 02 with this revenue being sent directly to the State of Montana..

The State gives the County an entitlement plus a yearly adjustment. As is noted above, Gallatin County was seeing a 10% increase in Motor Vehicle revenues, compared to the 2.95% increase for the FY 07 Entitlement. Other revenues included in this area were increasing an average of 5%, except for Personal Property Tax reimbursement, which decreased by 14%. Taking all factors into account the County will not see the growth from the entitlement compared to previous revenue sources.

The County continues to generate increased revenue from the local option tax (.5%), which grew by 10.25% in FY 06. Mid – year collections show a continuation of growth at the 8.5% range.



Finding: **FAVORABLE**. License and Permit Revenues continue to see growth from a low in FY 01. The Constant Dollar calculation shows a slight increase in actual revenue.

### **Slight increase Revenue Source**

Current estimates are that Licenses and Permits will continue to increase for the next several years. Provided, the State of Montana does not decrease state entitlement by taking additional county functions and decreasing the county's entitlement revenue.

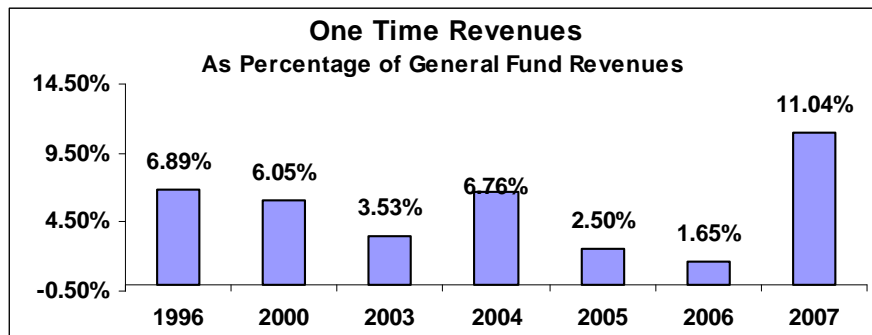
**Favorable = a gradual increase in the actual and constant dollars received from the License and Permits, non-tax revenue source will maintain service levels.**

## One Time Revenues:

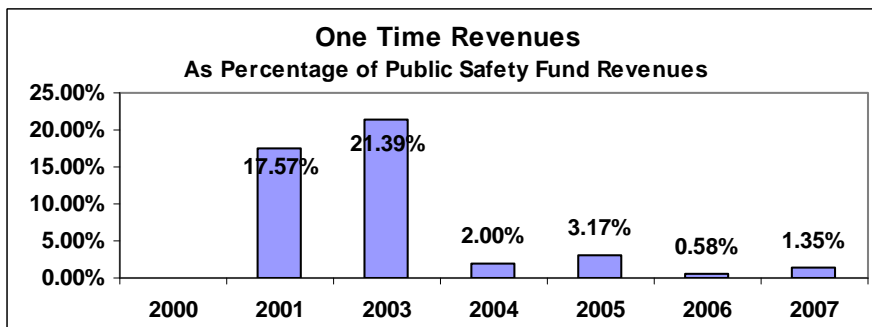
**In accordance with prudent fiscal policies, one time revenues are used to fund one-time expenditures.**

Revenues that are considered 'one-time' include grant funds not awarded for multiple years, transfers in from other funds and sale of assets or leases. The General Fund in prior fiscal years and Public Safety Fund in FY 2000 through FY 2002 received significant amounts of revenue from this source.

When recommending the amount to be funded at the beginning of the budget process, the Finance Office recommends use of one-time revenues to fund expenses that will only occur in the proposed budget year. (One-Time Expenses)



Finding: **Favorable** One-time revenues as a percentage of the General Fund's total revenues increased in FY 07 for the close out of the District Court Fund. The dollars are being spent on increases in Reserves and other one-time expenses.



The decrease in the Public Safety Fund one-time revenues is the result of the County Commission decision to levy taxes in the Public Safety fund instead of levying in General Fund and Employer Contributions and transferring to the Public Safety Fund.

One-Time expenses, like updating the Courthouse and similar activities. Consistent with the County's and National Budgeting Standards, money generated by one-time revenues is primarily used for non-reoccurring expenses. Therefore, the rating is favorable.

**Favorable = a gradual decrease in the actual percentage one - time revenues are to the total General Fund and / or Public Safety Fund.**

---

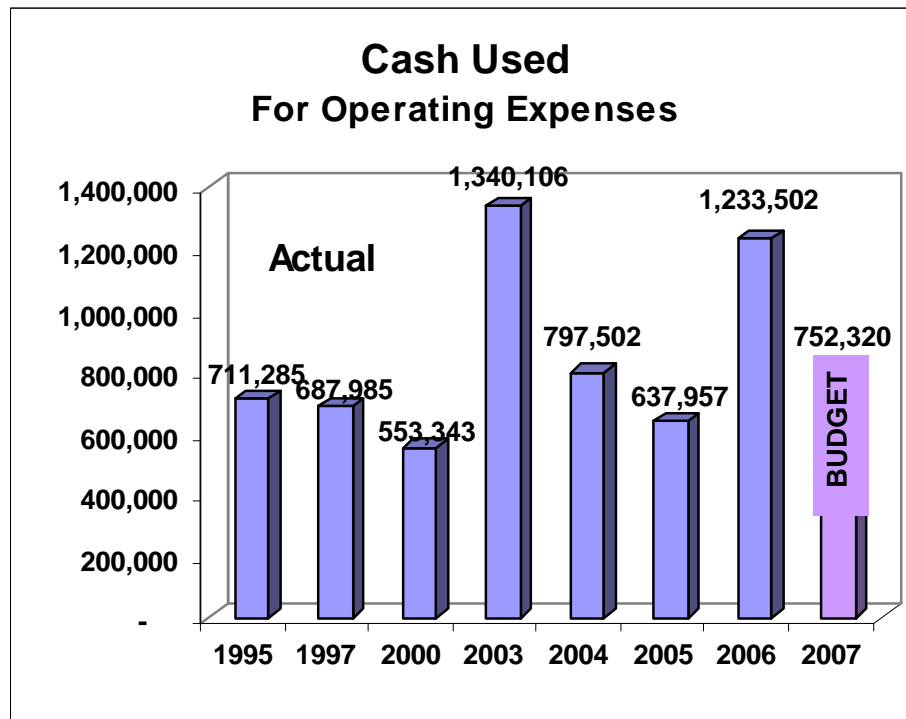
## Gallatin County Financial Plan

---

### Utilization of Cash:

**The County continues the shift from using cash for Operating Expenses to using cash as a one-time revenue source.**

Actual expenditure of cash for ongoing operating costs has been variable in the last 12 years. These numbers are actual and do not include the amount budgeted, except in FY 2007. The FY 07 Budget anticipates using \$752K cash for Operating Expenses. This is a significant change from previous years when a larger amount was budgeted. to fund Operations. Historically actual utilization of cash has been below the amount budgeted. The difference comes from the County's continued conservative estimation of non-tax revenues and departments not fully expending their budget each year.



Without cash re-appropriated the Commission could not have funded the FY 2007 Budget, let alone fund future budgets. As the County Budget becomes tighter, cash available to fund future budgets will decrease, resulting in a possible decline in services.

Finding: ***Favorable.*** The decrease of Cash as a revenue source for the FY 07 Budget shows the Commissions commitment to using current revenues to fund non-recurring expenses, and using one-time revenues and cash to fund one-time expenses. Actual cash used will be significantly below the amounts shown.

**Favorable = the utilization of cash to pay for ongoing operational expenses is the exception not the rule based on the current years budget and the gradual decrease in utilization of working capital for operations.**

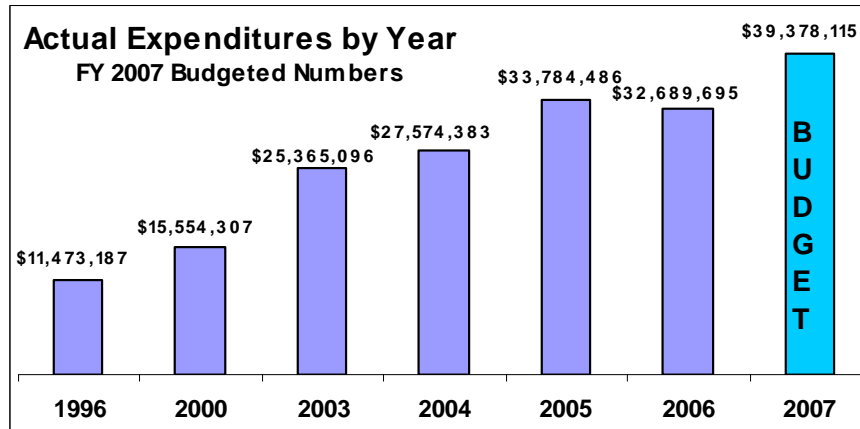


# Financial Trend Analysis

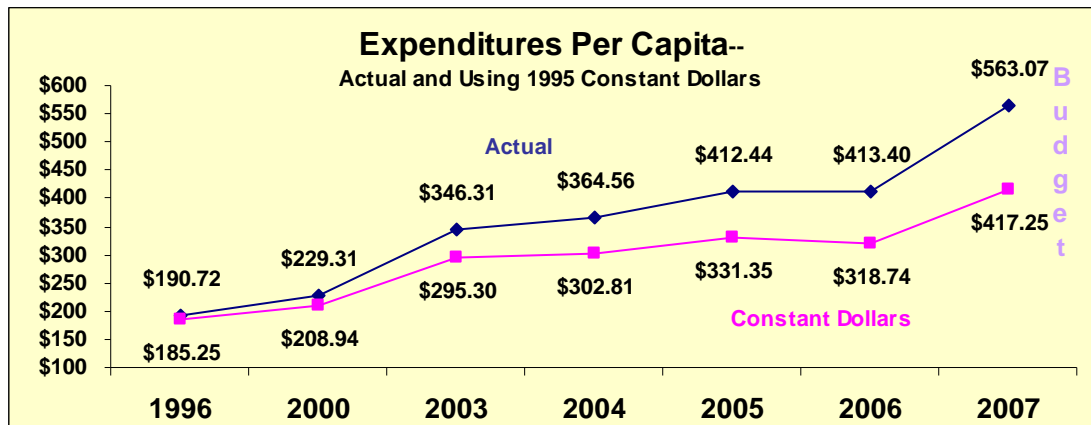
## Expenditures:

**Tax supported  
Funds show an  
increase in actual  
and per capita**

Actual Expenses during the proceeding 11 years and the FY 2007 Budget show growth of expenses in actual dollars and in per capita. The FY 07 Expense Budget does not include the amount of Capital Reserves funded in the Budget. This adjustment more accurately reflects actual expenses made during each fiscal year. All calculations use only expenses from the County's tax supported funds – excludes grants, district etc.



County expenses in actual dollars increased from \$11.5 million in FY 96 to \$32.7 million in FY 2006 a 184.34% increase in eleven years. In constant dollars the increase would be \$11.1 million (96.52%). The major differences above normal growth include creation of Administrative Office, Compliance Office, Court Services Office, Grants Office, Public Defenders Office, Joint Dispatch, Changes to Juvenile Detention, an increase in capital expenditures, a significant increase in oil related costs and \$460,000 for Sworn Deputy Officers and Elected Officials salary increases in FY 02.



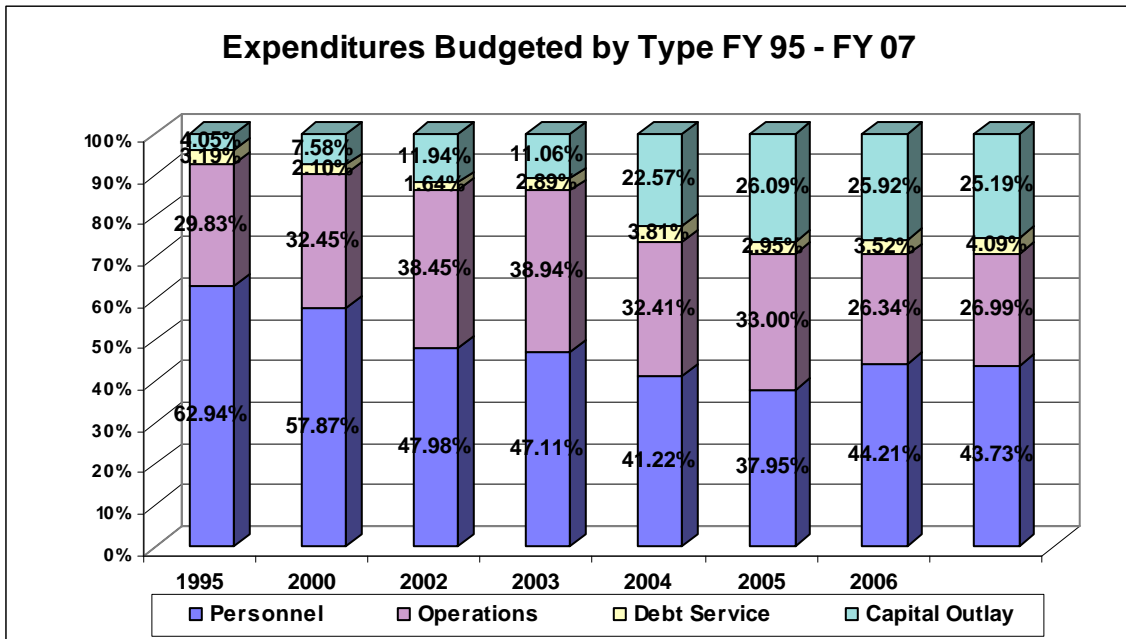
Finding: Favorable. Expenditures per capita in actual dollars and constant dollars have increased. The \$149.67 per capita increase for FY 2007 comes from budget versus actual expenses. The final numbers will be lower. Also, in FY 2007 projects are in construction phase rather than in planning stages.

Favorable = a gradual increase in the actual and constant dollars spent by each resident indicates the county is maintaining or improving its costs for services.

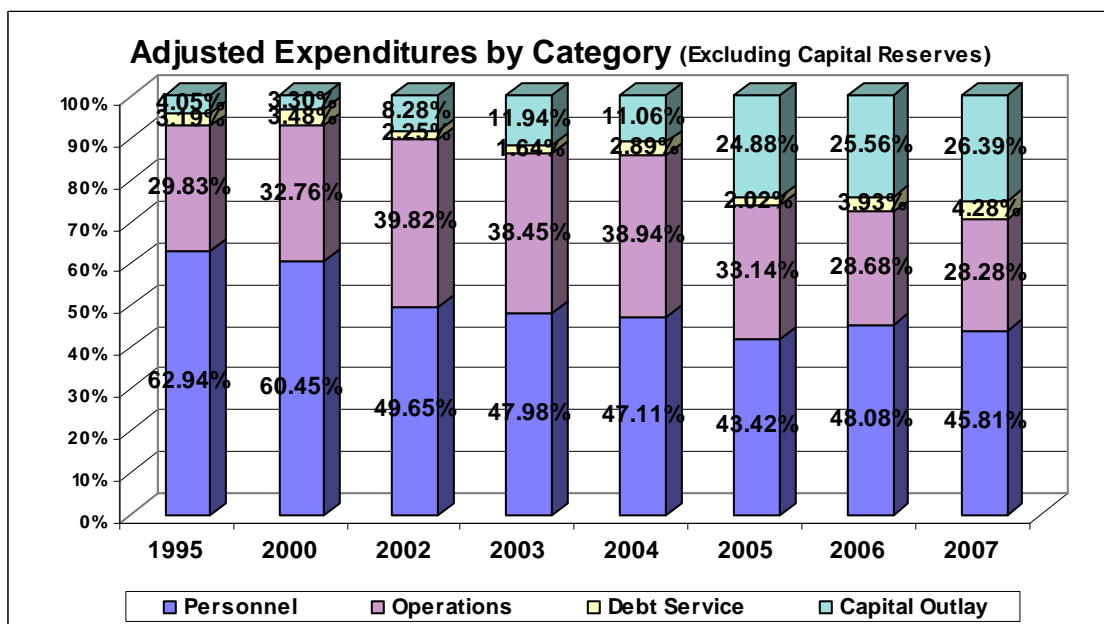
# Gallatin County Financial Plan

## Expenditures By Category:

The Chart shows Personnel costs, the largest cost for Gallatin County, decreasing from 62.94% in FY 95 to 43.78% in FY 2007 for actual expenses.



This graph has not been adjusted for Capital Reserves that are set aside for future budgets. This overstates Capital Outlay and understates Debt Service, Operations and Personnel percentages. The graph below is adjusted by the removal of Capital Reserves. With Capital Reserves eliminated, Personnel costs continue to show a significant decline from 62.94% in FY 96 to the 45.81% in FY 2007.



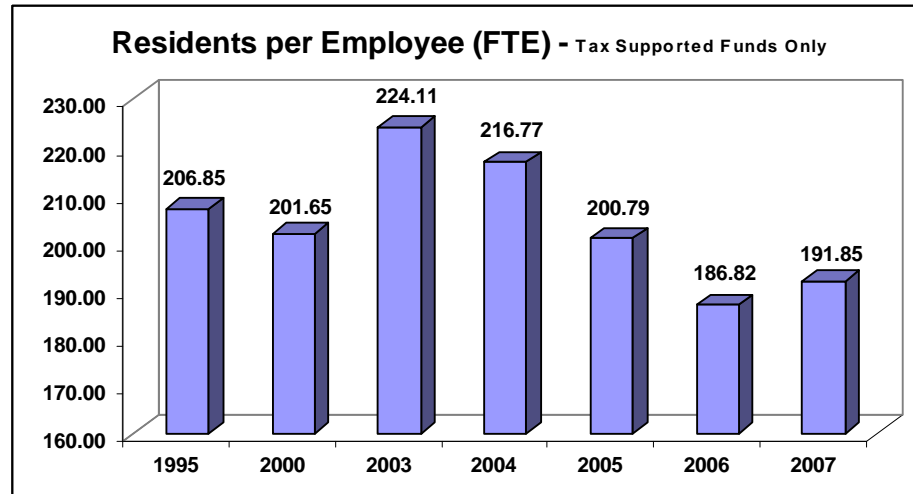
Finding: Favorable. Expenditures by category for Actual expenses show a decrease in the percentage being spent on Personnel. FY 05 numbers are based on the approved budget and will decrease before year-end.

## Financial Trend Analysis

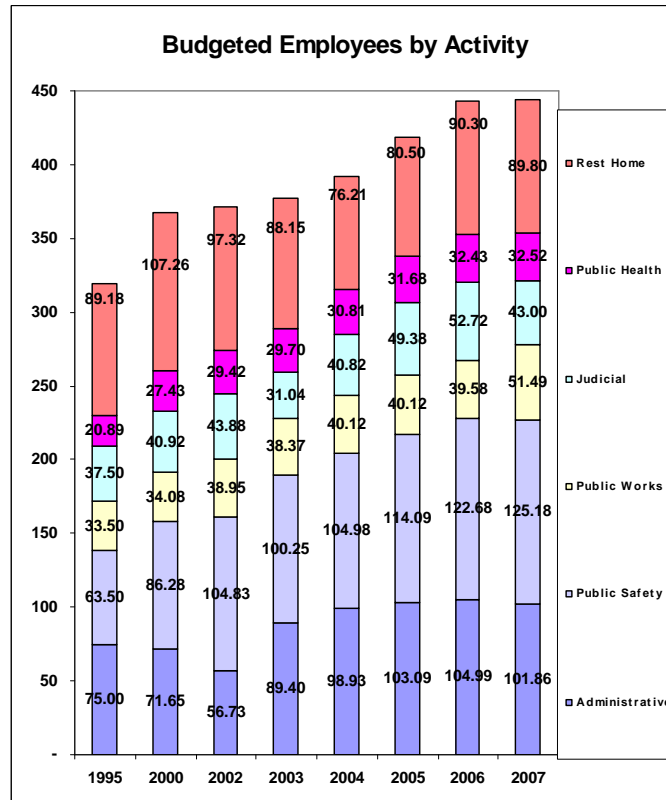
### Employees Per Capita:

**Employee levels have increased by 38% since FY 95 to the FY 2007 Budget.**

A comparison of the number of residents per employee indicates the ability of a Government to maintain service levels, provided all factors remain equal. In the years FY 95 through the FY 2007 Budget, services have increased where needed. During this time the County added 65.48 employees. Increases came from new departments - Administrator, Compliance, Court Services, Grants, Joint Dispatch / Records, Airport / Big Sky Deputies and various grants adding 29.



Finding: **Favorable** -- Employees were added for new programs or expansion of existing services.



**Favorable**  $\equiv$  a static or decrease in the number of residents per employee.

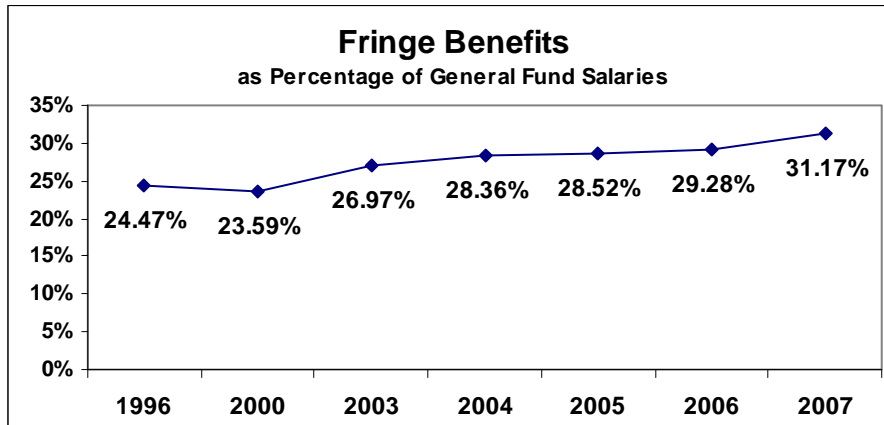
# Gallatin County Financial Plan

## Expenditures for Fringe Benefits:

### **Fringe Benefit costs are increasing dramatically**

Fringe Benefits under ideal conditions would increase at a percentage equal to or below the increase in Personnel. (Favorable rating) When Fringe Benefits increase faster than Personnel Costs this results in an Unfavorable rating.

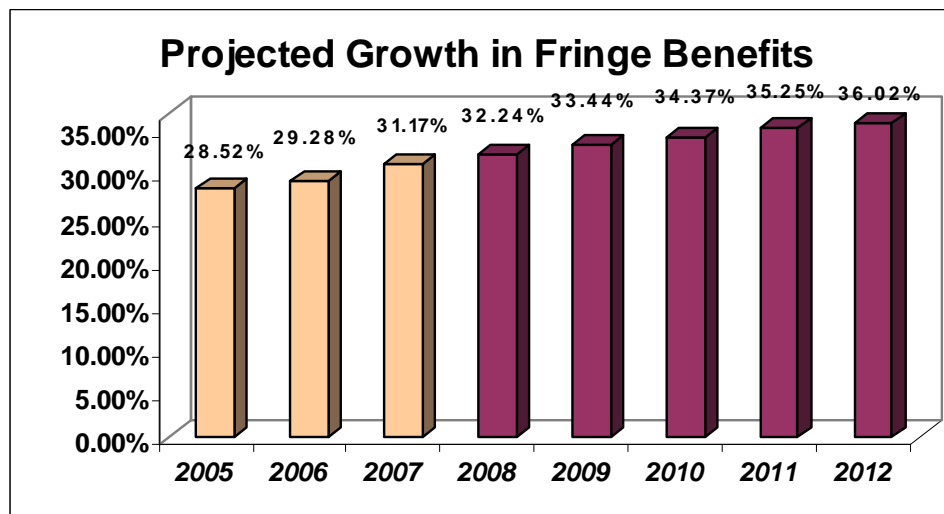
The following graph shows Fringe Benefit costs as a percentage to the General Fund Salaries. Fringe Benefits include Unemployment Insurance, Worker's Compensation, Employer Contribution to Health Insurance, Public Employee/Sheriff/Teacher Retirement Systems, Social Security and Medicare costs.



These calculations do not include the percent for the statutory 15 days vacation, 12 days sick and 10 days holiday, which add to the benefit package. These benefits would add 14.17% to each of the years shown below, and do not change without Legislative action.

Finding: **Unfavorable.**  
Fringe Benefit percentages increased for the last five

years. In addition, approved legislation will move Detention Officers from PERS at 6.4% to Sheriff Retirement at 9.4% increasing costs as employees are hired or decide to move to the new system.



Comments: The continued increase in health insurance costs will adversely affect the County's ability to adequately fund future year's budgets. The 6.075% increase in Fringe Benefits from 1996 to 2007 equals \$176,038 for the General Fund and an estimated \$565,028 countywide.

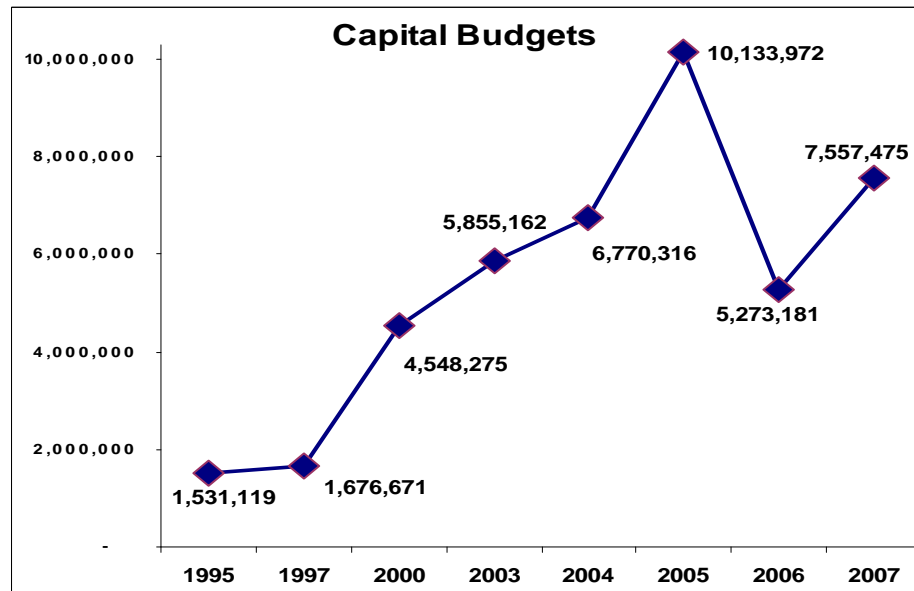
**Favorable = a static or decrease in the percentage employer contributions are to total wages paid**

The County will need to take a very active role in decreasing health insurance premium cost increase to change the unfavorable ranking. Because the majority of cost increasers come from areas not under the county's control, such as utilization, prescription utilization, cost for new drugs and current medical inflation the county will not be able to make a significant change in this indicator.

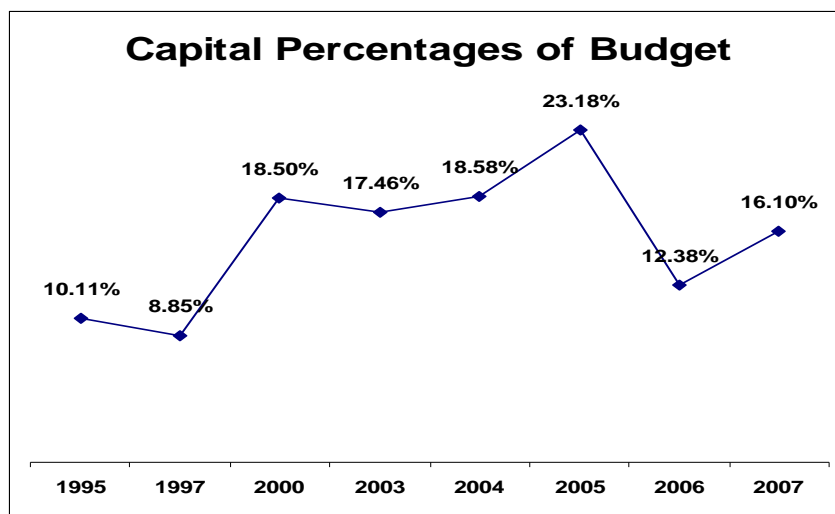
### Capital Outlay and Capital Reserves:

#### **Significant increase in dollars and percentages**

Capital Outlay and Capital Reserves in Gallatin County have changed dramatically in the last 8 years. Prior to 1996 the County rarely set aside funds unless a specific need was identified. In 1996 the County set aside \$180,000 for future capital needs. In 1998 and again in 2000 the County formalized a policy (the CIP) setting aside revenues generated from new construction taxes for approved Capital Improvement Projects. This changed in FY 05 but in FY 06 and FY 07 the Commission funded capital projects.



Finding: **Favorable.** The Commission for FY 06 and FY 07 reversed the FY 05 decision to not use new construction values for projects and levied taxes for the Capital Projects Fund.



The reinstatement of tax dollars shows a commitment by the County Commission to fund capital. The following graph shows Capital Budgets compared to total budgets.

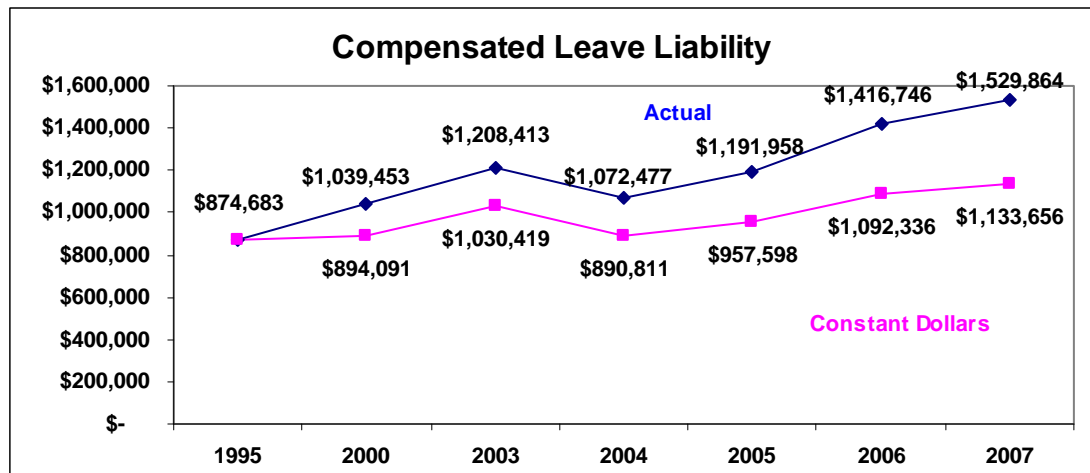
**Favorable** = a level or increase in the percentage capital outlay / reserves are to total budget

# Gallatin County Financial Plan

## Compensated Leave Balances:

### Compensated Leave increased by 7.98% for the beginning of FY 07

The County's Compensated Leave Balances normally would increase at the rate wages increase. During the previous 6 years, compensated leave balances increased at a rate greater than the rate of inflation. However, FY 04 saw a decrease of 8.02% in new dollars and a 2.9% decrease in constant 1995 dollars. This was a significant event for the financial stability of the County. The County was not able to maintain this change for FY 05, with balances now exceeding amount needed in FY 03. FY 07 continued the upward trend with a 7.98% increase.



A comparison of the last two years shows that leave hours and costs have increased but the largest percentage increase is associated with Fringe costs.

	Sick Leave		Annual Leave		Compensatory Leave		Fringe
	Hours	Cost	Hours	Cost	Hours	Cost	
2005	76,070	\$ 352,993	46,117	\$ 815,774	4,013	\$ 72,514	\$139,528
2006	<u>75,846</u>	<u>384,166</u>	<u>46,246</u>	<u>893,541</u>	<u>4,013</u>	<u>78,929</u>	<u>154,088</u>
Change	224	(\$ 31,173)	(129)	(\$ 77,767)	-0-	(\$ 6,415)	(\$ 14,560)
%	(0.29%)	8.83%	.27%	9.53%	0.00%	8.84%	10.43%

Finding: **Unfavorable:** While the graph clearly shows that the trend continues upward the county has limited ability to make significant change to leave balances. Both Sick and Annual leave are set by state statute. This law is probably beyond the County's ability to change. However, a change in policy requiring employees to take a minimum of two-thirds their annual vacation accrual could be positive. Compensatory could be changed but with over 1,400 hours tied to unions, 383 to Elected Officials staff, 307 hours to Agency's, 168 to Landfill/Refuse and 664 to Dispatch / Law Enforcement Records the Commission could affect about 27% of the liability. This will change when Dispatch becomes a county department on July 1, 2007.

Compensated leave balance should be reduced or increase no more than by the amount of inflation, plus any longevity amounts. In the twelve (12) years shown, the County's compensated leave liability has grown greater than the inflationary rate.

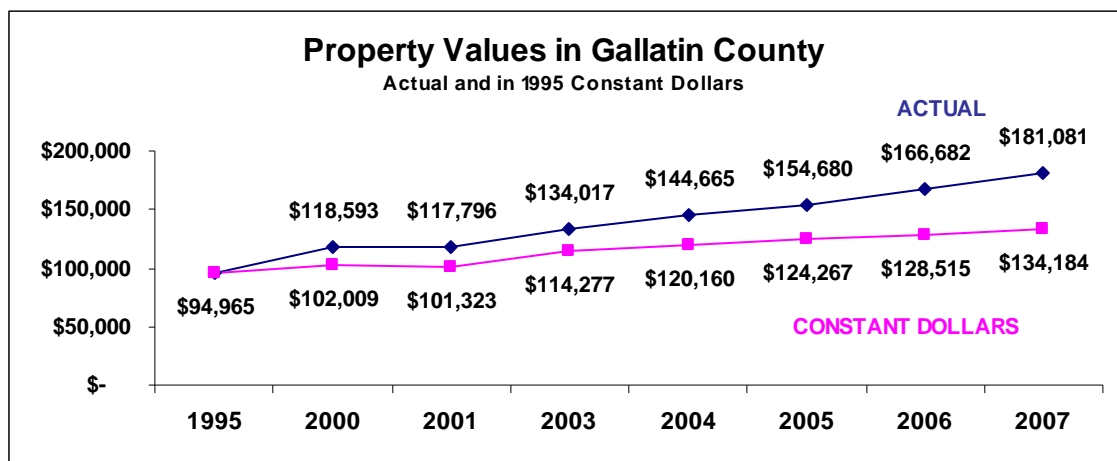
**Favorable = a static or decrease in the liability from Compensated Leave in dollars.**

## Property Values:

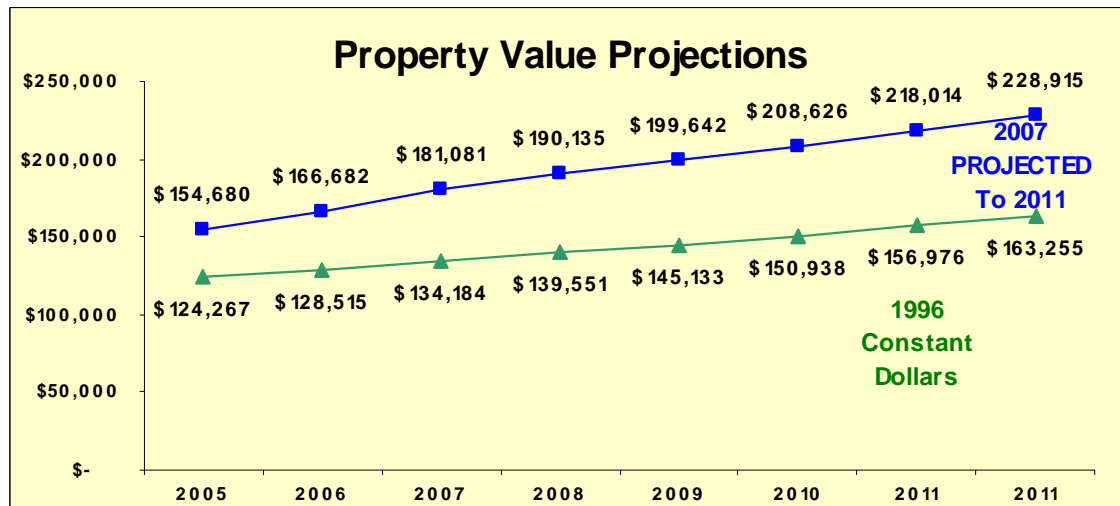
### Adjustments by State Legislature complicates comparison of Property Values

The increase in taxable value for FY 07 is 8.64%. This increase comes in commercial and residential property values. State law allows the County to increase levies by half the last three years inflationary factors. The following is a comparison from year to year, of the changes in taxable values:

99-00	.64%
00-01	(.06)%
01-02	5.57%
02-03	7.80%
03-04	7.64%
04-05	7.17%
05-06	8.33%
06-07	8.64%



Finding: **Favorable.** The ability to increase the number of mills to compensate for any lost property value changes an Unfavorable analysis to a Favorable. The Favorable finding could change if the commission decides not maximize the number of mills allowed under state law.



**Favorable = an increase in the taxable value of the county, inclusive of known changes relative to the previous legislative actions.**

---

# Gallatin County Financial Plan

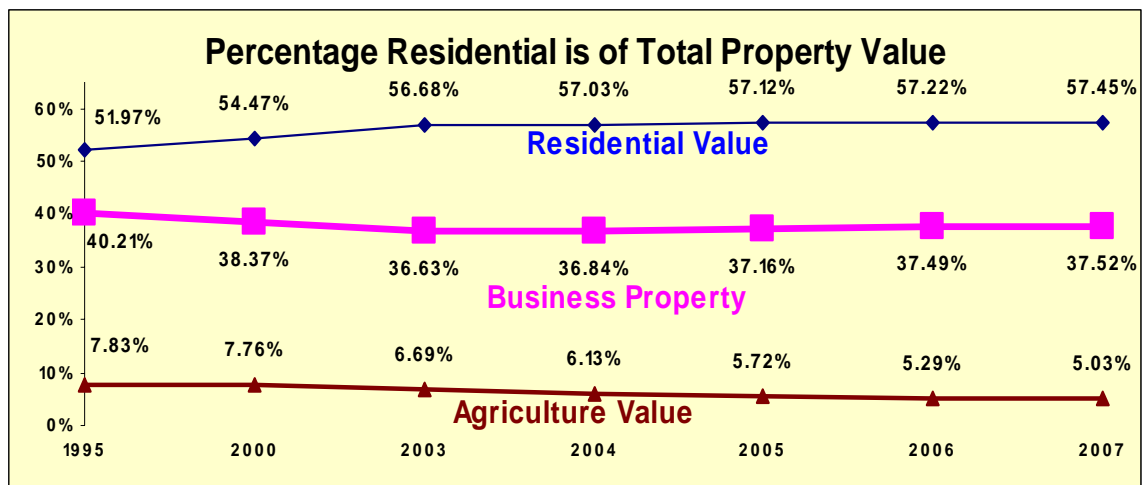
---

## Residential Property Values:

### **Changes by State Legislature has increased Local Governments reliance on Residential Property Taxes**

House Bill 124 and other Legislative Bills implemented changes in the method DOR uses to calculate property values. The result of these changes is an increase in the reliance of Gallatin County on taxes generated by Residential Property. This also affects the Floating mill levy, and the inflationary millage allowed by HB 124. This results in more taxes being paid by residents than ever before. Residential tax percents have increased from 51.97% in 1995 to 57.17% in FY 07, plus the number of mills has increased causing a greater adverse affect on residential property owners.

The increase in the County's reliance on residential property values may cause the voter's of the County to not support needed Local Government initiatives.



Finding: Unfavorable. The continued increase in reliance on residential property values adversely affects the County's financial stability. A significant reliance on one type of property tax decreases flexibility and stability of revenues.

Comment: Decisions by the County can only peripherally affect the costs to residential property owners. The County Commission, Elected Officials and Department Heads need to be aware of the full effect of decisions they make, as it relates to increased costs to Residential Property taxpayers.

The significant increase in the amount of taxes paid by residential property taxpayers is having a positive impact. It is decreasing the shortfall identified in 1997 between the \$1.36 cost for services, needed by residential development, to the \$1.00 in taxes paid.

Favorable = a decrease or static percentage Residential Property taxes are to the total County Taxable Values.



# Financial Trend Analysis

## Property Tax Statistical Analysis:

The County Treasurer has identified a method to calculate the Average Parcel Taxable Value and Median Parcel Taxable Value for Residential property for Gallatin County. These calculations show a significant change between Tax Year 2000 and the current Tax Year 2004.

The table that follows shows County wide Real Estate Taxable Values, Real Estate Parcels Billed, Average parcel information, and Average General Tax using average Residential and Commercial bills for Tax Year 2004 and 2005:

	<u>2004</u>		<u>2005</u>		<u>2006</u>
Real Estate Taxable Value	150,149,048		162,161,048		176,293,222
Residential & N/Q Ag	88,727,566	59%	99,598,380	61%	107,734,744
Commercial & Other	61,421,482	41%	62,562,668	39%	68,558,478
Number Parcels Billed	37,744		39,744		41,490
Residential & N/Q Ag	30,207	80%	33,040	83%	35,267
Commercial & Other	7,537	20%	6,704	17%	6,223
Average Parcel Taxable Value	3,978		4,080		4,249
Residential & N/Q Ag	2,937		3,014		3,055
Commercial & Other	8,149		9,332		11,017
Average Parcel General Tax	\$ 1,767.94		\$ 1,866.95		\$ 1,959.41
Residential & N/Q Ag	1,305.40		1,379.34		1,408.71
Commercial & Other	3,621.72		4,270.11		5,080.36

The comparison shows that 1) Real Estate Taxable Values have increased by 17.41% from 2004 to 2006, with Residential fluctuating between 59-61% and Commercial fluctuating between 39-41% 39%. 2) The number of bills created jumped by 1,746, from last year, a 4.39% increase. 3) Average Taxable Values increased by 8.17% for Residential and 9.58% for Commercial. 4) Average General Tax increased by \$92.46 (4.95%) with Residential increasing by \$29.37 (2.12%) and Commercial increasing by \$810.25 (18.97).

Finding: **Favorable.** The increase in values of the Average Parcel Taxable Value along with the increase in taxes generated by the Average Parcel is a positive financial condition for the county. Also Commercial & Other growth has exceeded Residential growth in Taxable Value and General Tax.

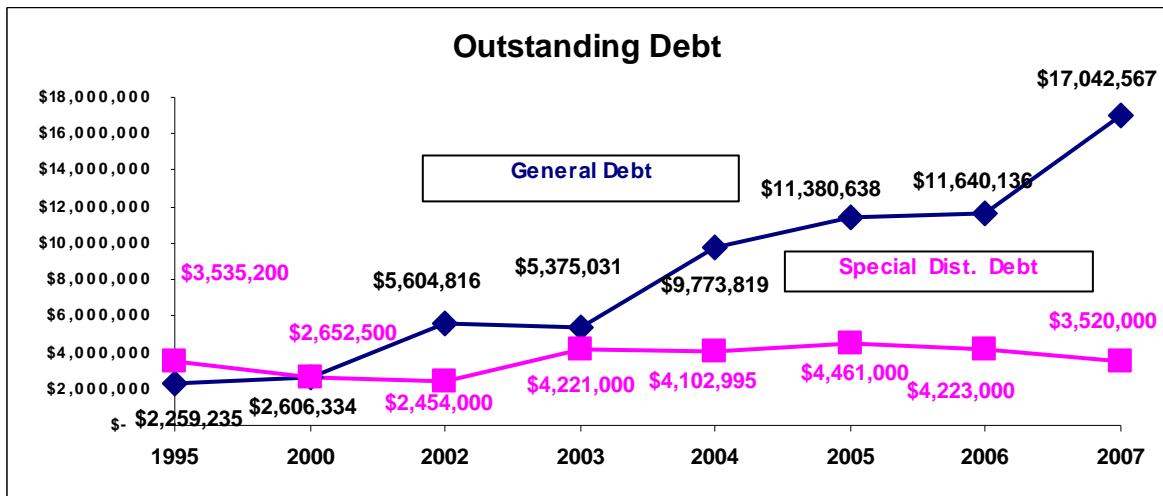
*Favorable = growth in Average Taxable Value shows growth in tax base;*

# Gallatin County Financial Plan

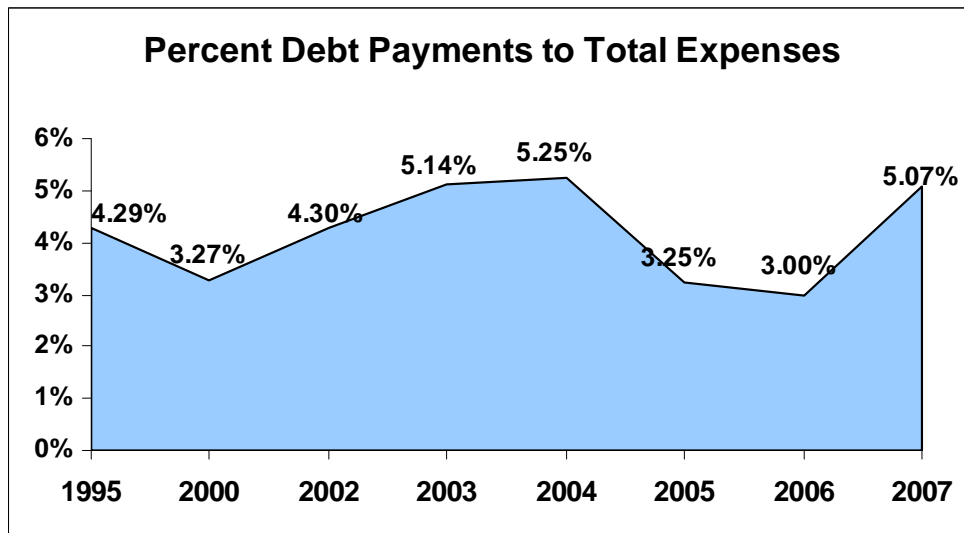
## Debt Service – General Obligation Debt – Rural Improvement Debt:

State law sets the maximum debt for Gallatin County at 1.40% of the County's Assessed Valuation. This equates to \$77,368,532, (see page 19 for calculations). As of June 30, 2006, the County had \$20.5 million in debt, plus the Open Space bonds of \$7.2 million authorized in Nov. 04, but not used.

A third vote has not been scheduled for the replacement of the current Detention Center after the failure of the \$18,370,000 bond in July 02, and the \$20,000,000 in August 06.



Finding: ***Favorable*** – Credit rating firms generally view debt service as unfavorable if debt payments exceed 20% of a budget. The FY 2007 debt ratio is 5.07 %, significantly below the threshold. The issuance of the Open Land Bond and potential Detention Bond indicates the County may cause this indicator to move into a 'Watch' status.



The County's Bond rating is "A+" according to a January 2006 review by Standard's and Poor (S&P)